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FM AMEMBASSY KINGSTON
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RHEFDIA/DIA WASHDC
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RUMIAAAA/CDR USSOUTHCOM MIAMI FL
RUCPDOG/DEPT OF COMMERCE WASHDC
RUEATRS/DEPT OF TREASURY WASHDC

UNCLAS SECTION 01 OF 02 KINGSTON 000647

SIPDIS

STATE FOR WHA/CAR (BENT) AND WHA/PDA
STATE ALSO FOR INL/LP (BOZZOLO), EB/TPP, AND EB/IFD
STATE ALSO DOE CA/OCS/ACS/WHA (RUTH BRANSON)
STATE PASS OPIC FOR TABERNAKI
CUSTOMS MIAMI FOR LOWEN AND MAHABIR
SANTO DOMINGO FOR FCS, FAS, AND LEGATT
STATE PASS USTR FOR A. GASH-DURKIN
DOJ FOR OPDAT/R LIPMAN
TREASURY FOR LAMONICA

SIPDIS

E.O. 12958: N/A
TAGS: [PGOV](#) [PREL](#) [EFIN](#) [ECON](#) [EINV](#) [PHUM](#) [ELAB](#) [KHIV](#) [JM](#)
SUBJECT: KINGSTON POL/ECON ROUNDUP: MARCH 18 - MARCH 31,
2006

Ref: A. Kingston 555

[1](#)B. Kingston 633

KINGSTON 00000647 001.2 OF 002

[1](#)1. This week's topics:

- New Prime Minister Sworn In
- Economic Policy Stability
- Cement Industry Developments
- Labor Relations
- Revised Sugar Production Target for `05/`06

New Prime Minister Sworn In

[1](#)2. On March 30, Portia Simpson Miller, was sworn in as Prime Minister by Governor-General, Professor Kenneth Hall. She became Jamaica's seventh Prime Minister and the first female to hold the position at an outdoor ceremony at King's House in front of a crowd estimated to be between 6,000-10,000. The former Prime Minister PJ Patterson stepped down earlier the same day. Simpson Miller was previously Minister of Local Government, Sports and Environment. At midnight on March 31, Prime Minister Simpson Miller announced her cabinet (Septel).

Economic Policy Stability

[1](#)3. Newly installed Prime Minister Simpson Miller has kept Dr. Omar Davies as Minister of Finance and Planning, which comes as no surprise. Dr. Davies is generally well regarded for his efforts to impose fiscal responsibility in order to bring down the national debt and keep inflation and interest rates under control. A meeting with officials from the Fiscal Policy Unit at the Ministry of Finance and Planning indicated that this year's budget will contain no surprises,

although they acknowledged that the dream of a balanced budget will have to wait at least another year. The expenditure budget will be announced on April 12.

Cement Industry Developments

¶4. The embattled Carib Cement Company Limited (CCCL) continues to reel from the twin blows of insufficient supply and the detection of substandard quality product. While the removal of a 25 percent surcharge on imported cement is beginning to address the national shortage that has crippled the construction sector island-wide (Ref A), the quality issue may yet prove the more serious blow. Rumors are swirling that CCCL intends to "mix" new batches of cement with the old, faulty batches, a claim that the company strenuously denies.

Labor Relations

¶5. Amid a variety of fractious labor disputes over the past several months (Ref B), the public sector Memorandum of Understanding (MoU) expired on March 31, without reaching consensus. The Jamaica Teachers Association pulled out of negotiations last week amid wage disagreements, calling the GOJ's offer an "insult." Nevertheless, the public sector unions and the government are confident that an agreement will be reached very soon, ideally before the budget is announced on April 12.

Revised Sugar Production Target for `05/`06

KINGSTON 00000647 002.2 OF 002

¶6. The state-owned Sugar Company of Jamaica (SCJ), which accounts for approximately eighty percent of the industry's output, has revised its `05/`06 raw sugar production target from 130,000 metric tons (MT) to 115,000 MT. Industry experts are skeptical of this projection and expect SCJ's target to be further reduced to about 100,000 MT in the coming weeks, and actual SCJ output to be in the neighborhood of 90,000 MT. The ailing industry is heading for a third consecutive year of record low production. Output is projected at 130,000 MT, 15,000 MT below Jamaica's 145 MT quota obligations (EU 126,000 MT and US 19,000 MT). Domestic consumption will be fulfilled from imports, as in recent years. SCJ's CEO, Livingstone Morrison, attributed the decline to unfavorable weather conditions during harvesting that affected crop quality.